



The President's Daily Brief

21 August 1970

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

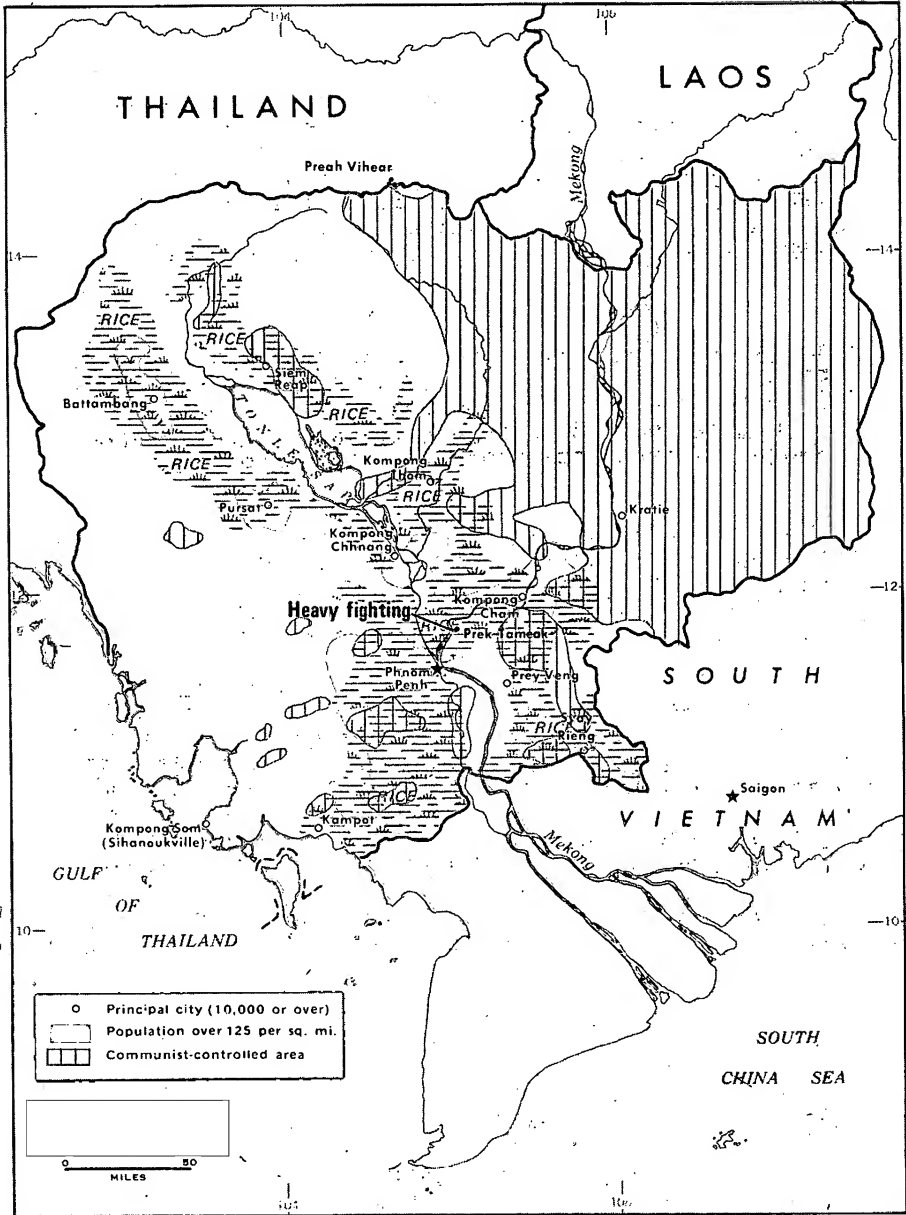
The situation in Cambodia is discussed on *Page 1*.

Enabling legislation to improve the South Vietnamese economy may not pass in the National Assembly. (*Page 3*)

The first administrative changes foreseen in Castro's 26 July speech have been made. (*Page 4*)

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CAMBODIA: Current Situation



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CAMBODIA

Combat activity at Prek Tameak, some nine miles northeast of Phnom Penh, apparently continues apace with heavy casualties on both sides. The Cambodian Army sent reinforcements to the area yesterday after initial reports indicated that 60 Cambodians were killed and 200 wounded in the action.

If these figures are accurate the battle for Prek Tameak is one of the most costly of the war. Despite the fighting's proximity to Phnom Penh,

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the situation in the capital remains calm.

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Sporadic fighting continues in other areas of the country. Prey Totung and Skoun in Kompong Cham Province received intermittent mortar fire on 19 August. In Kompong Chhnang Province, government forces have retaken a bridge on Route 5, 12 miles south of the provincial capital.

A government message claims that bands of Cambodian and Vietnamese Communists recently have occupied several posts in the Cordaman mountains in Pursat Province.

Cambodian guerrillas have been active in this area for several years but this is the first evidence that they have linked up with Vietnamese troops. The Communists probably hope to develop these foothills into a major redoubt area.

Thai commanders are concerned that the enemy will attack the Preah Vihear temple on the Thai-Cambodian border. The historic site is presently held by a battalion of Cambodian troops and is Cambodia's only remaining post in Preah Vihear Province.

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SOUTH VIETNAM

Enabling legislation for the government's economic program has become stalled in the National Assembly

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The government intends to continue efforts to secure Assembly approval, but it is well aware of the seriousness of the economic situation and the need for some kind of early action against inflation. President Thieu says he will take anti-inflationary steps under his executive authority if legislation is not available by 1 September.

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Government officials, remembering the widespread adverse reaction to the austerity tax decree last fall, are clearly concerned about the consequences of resorting to decrees again and are seeking a sound legal basis for such action. An immediate effect of decrees would be a price rise that would hit hardest at civil servants and the poor. On the other hand, unless current economic problems are alleviated, more serious problems will arise later.

This dilemma may well cause Thieu, despite his statement about taking early action, to seek to postpone it as long as possible.

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NOTES

Cuba: The first changes in the administrative hierarchy promised by Castro in his speech on 26 July have been announced. An experienced military supply officer has been named minister of domestic trade, replacing an "old Communist" who was unable to cope with distribution problems. Two other military officers have been named as the chief and deputy of the Education Ministry.

These appointments conform to the current trend of relying on trusted military officers or technicians to take on key government assignments. The bleak character of Cuba's economy has forced Castro to make the changes. More such reshuffling is expected.

Communist China:

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--The Chinese have agreed to construct a 40-mile pipeline to conduct water between Endine and Nouakchott in Mauritania. Value: about \$2.2 million.

--Peking has signed a contract with Japan to buy 5.3 million tons of fertilizer for \$144 million.

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